

# House Study Bill 651

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON VAN FOSSEN)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to a capital gains deduction in computing the  
2 personal income tax and including an effective and retroactive  
3 applicability date provision.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 5603YC 81  
6 mg/cf/24

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1 1 Section 1. Section 422.7, Code Supplement 2005, is amended  
1 2 by adding the following new subsection:  
1 3 NEW SUBSECTION. 21A. Subtract, to the extent not  
1 4 otherwise excluded in determining federal adjusted gross  
1 5 income or deducted under subsection 21, the taxpayer's net  
1 6 capital gain as defined in section 1222 of the Internal  
1 7 Revenue Code.  
1 8 Sec. 2. EFFECTIVE AND RETROACTIVE APPLICABILITY DATE.  
1 9 This Act, being deemed of immediate importance, takes effect  
1 10 upon enactment and applies retroactively to January 1, 2006,  
1 11 for tax years beginning on or after that date.  
1 12 EXPLANATION  
1 13 This bill eliminates the taxation of an individual's net  
1 14 capital gain under the individual income tax. An individual's  
1 15 net capital gain equals the excess of the gains from the sales  
1 16 or exchanges of long-term capital assets over the losses from  
1 17 such sales or exchanges minus the excess of losses from the  
1 18 sales or exchanges of short-term capital assets over the gains  
1 19 from such sales or exchanges.  
1 20 The bill takes effect upon enactment and applies  
1 21 retroactively to January 1, 2006, for tax years beginning on  
1 22 or after that date.  
1 23 LSB 5603YC 81  
1 24 mg:rj/cf/24